

UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT

-----X
IN RE : Chapter 11
 :
ESCOTEL CELLULAR, INC. : Case No. 94-51078 (AHWS)
 :
Debtor : ~~June 21~~ ^{August 11}, 1994
-----X

ORDER CONVERTING CASE TO CHAPTER 7
AND GRANTING RELIEF FROM THE AUTOMATIC STAY

Springwich Cellular Limited Partnership ("Springwich") having filed an Emergency Motion for Order Converting or Dismissing Case Under Chapter 11 or, in the Alternative, Appointing Chapter 11 Trustee (the "Motion to Convert") and a Motion for Relief from the Automatic Stay or in the Alternative, for an Order Establishing Date by Which the Debtor must Assume or Reject Executory Contract (the "Relief Motion", and collectively, the "Motions"); and the Motions having been heard ^{by} and the Court; and the independent Chapter 11 Trustee having recommended that the Motions ought to be granted; and the Debtor having consented to the entry of the instant order, it is hereby

ORDERED: The Chapter 11 case of Escotel ^{Cellular, Inc. ("Escotel")} is converted to a case under Chapter 7 of the Bankruptcy Code.

#66-1

ORDERED: Escotel, EscoPCN Telecommunications, Inc. ("EscoPCN"), The Phone Extension, Inc. ("The Phone Extension"), and Escotel Software, Inc. ("Software"), and all employees and insiders of each of the foregoing, shall, within one hour of the signing of this order, turn over to the Chapter 7 Trustee (the "Trustee") all property of Escotel, including, but not limited to: all property of EscoPCN (all property of EscoPCN was acknowledged to be property of Escotel and was ordered to be transferred to Escotel in the ^{Appointment of the} Trustee Order); all billing histories, customer lists, and all computer records and records in any form relating thereto including, but not limited to, backups and copies thereof, in whatever form; all accounts receivable, cash bank accounts, all personal property; and all other property, in whatever form, including Escotel's computers; Escotel and Software and any insider of either of the foregoing shall provide the Trustee with all necessary codes, passwords, and other information necessary to or helpful in accessing, understanding, converting the format of, and using the computer records and other records of Escotel. However,

absent further order of this Court, the Trustee shall not provide to any person or entity any of the software programs of Software which is claimed to be the confidential proprietary, and/or trade secret information of Software.

ORDERED: Escotel, EscopCN, the Phone Extension, Software, Luis Escobar, and the employees and insiders of any of the foregoing shall not alter, amend, update, delete, destroy or in any way cause or allow any of the foregoing to happen to the computer records or records in whatever form of Escotel, whether in the possession of Escotel, Software, or any other entity.

ORDERED: Escotel, EscopCN, The Phone Extension, Software, Luis Escobar, and the employees and insiders of any of the foregoing shall not retain any copies of any of the billing histories, customer lists or any other information that could be used to destroy, infringe or violate the confidentiality of the names of the customers of Escotel. Luis Escobar and the employees of Escotel and Software shall not disclose the names of any of the Escotel's or EscopCN's customers or any information related to those customers,

including phone numbers, addresses, account numbers or social security numbers to any party and shall take all steps necessary to ensure that no action or inaction on their part leads to the dissemination of this information to anyone other than the Trustee and Springwich. Escotel, The Phone Extension, EscoPCN, Software, Luis Escobar, and the employees and insiders of the foregoing shall not contact the customers of Escotel, nor shall any of them cause ~~any~~^{to allow} entity to contact the customers of Escotel for any reason.

ORDERED: Software shall continue to be bound by the terms of the Consent Order for Appointment of a Chapter 11 Trustee, rendered by this Court on June 23, 1994, except that such ~~other~~^{order} shall be modified as follows: Commencing on August 11, 1994, Software is authorized to open its separate accounts and make deposits into and write checks out of said accounts in the ordinary course of business. In addition, Software shall cooperate with the Trustee in allowing the Trustee to conduct a review of Software's books and records.

ORDERED: The Trustee shall immediately forward all phone calls directed to Escotel and all calls regarding billing

questions about Escotel customer accounts that might be directed to Software to a number designated by Springwich. The Trustee is also authorized to take whatever other steps are necessary to preserve the property of the estate.

ORDERED: Springwich is granted relief from the automatic stay pursuant to 11 U.S.C. § 362(d) to exercise its rights under applicable law against its collateral, including the Accounts and the accounts receivable, pursuant to its rights as described in, among other things, the Tariff, the Security Agreement, and the Standby Agreement, as those terms are defined in the Relief Motion. The Trustee, Escotel, EscopCN, The Phone Extension, Software, Escobar and all employees and insiders of each of the foregoing shall turn all computer records and records in whatever form, including the computers of Escotel, excepting information which is claimed to be the confidential, proprietary and/or trade secret information of Software, to Springwich or its designated agent, and all of the foregoing entities shall cooperate with Springwich to ensure the orderly turnover or disposition of the accounts receivable and customer accounts and to ensure that the

confidentiality of all information concerning Escotel's customers is preserved. All of the foregoing is without prejudice to, and shall not constitute a waiver of any and all claims that the Trustee has, or may have, against Springwich.

ORDERED: The Trustee is authorized to take all actions necessary to pay the employees of Escotel their regular weekly salaries for services rendered through August 12, 1994, at the regularly scheduled time for such payments.

Dated at Bridgeport, Connecticut this 11th day of August, 1994, at 5:25 p.m.

Albert S. Dabrowski
Albert S. Dabrowski,
U.S. Bankruptcy Judge

AGREED AND CONSENTED:
Escotel Cellular, Inc.

Luis Escobar, President

/u/pad/a/escotel.ord

UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT

In the Matter of)	Chapter 7
)	
ESCOTEL CELLULAR, INC.,)	Case No. 94-51078
)	
Debtor)	
)	August 17, 1994

TRUSTEE'S SUPPLEMENTAL CHAPTER 11 REPORT

Richard M. Coan, previously Chapter 11 trustee and currently Chapter 7 trustee in the above-captioned case, hereby presents a supplemental report with respect to the above-captioned matter:

1. On August 5, 1994, the undersigned gave an oral report to this Court, at which time the undersigned set forth his recommendation that this Court convert the above-captioned case from Chapter 11 to Chapter 7 of the Bankruptcy Code.
2. On August 11, 1994, with the consent of the debtor, this Court entered an order converting the case to Chapter 7.
3. In order to fulfill his duties as Chapter 11 trustee, the undersigned believes that he is obligated to report one additional finding to this Court. The undersigned has discovered that the debtor has apparently never filed federal excise tax returns and, correspondingly, the debtor has never paid over to the Internal Revenue Service the excise tax that it billed and collected from its customers.

4. This day the undersigned is reporting the foregoing to the Special Procedures Division of the Office of the District Director of the Internal Revenue Service in Hartford.

Dated at New Haven, Connecticut this 17th day of August, 1994.

A handwritten signature in dark ink, appearing to read 'Richard M. Coan', is written over a horizontal line.

Richard M. Coan
Coan, Lewendon and Royston
495 Orange Street
New Haven, Connecticut 06511
(203) 624-4756
Federal Bar No. ct06376

CERTIFICATION

This is to certify that a copy of the foregoing instrument was mailed postage prepaid to Office of United States Trustee, 105 Court Street, Room 402, New Haven, Connecticut 06510; Attorney Darcy McGraw, Zeisler & Zeisler, P.O. Box 3186, Bridgeport, Connecticut 06605-0186 (Special Counsel for Debtor); Peter L. Ressler, Esq., 123 York Street, New Haven, Connecticut 06501 (Counsel for the Debtor); and Nicolas A. Ferland, Esq., Tyler, Cooper & Alcorn, P.O. Box 1936, New Haven, Connecticut 06509-1910 (Counsel for Springwich Cellular Limited Partnership) on this 17th day of August, 1994.



Richard M. Coan

SNET Cellular, Inc.
555 Long Wharf Drive, Room 750
New Haven, Connecticut 06511
Phone (203) 553-7600



Luis Escobar
Escotel Cellular
1 Lois Street
Norwalk, CT 06851

January 22, 1993
SENT VIA FAX

Luis,

I have reviewed the bulk credit request you recently forwarded to us through your attorney. The documentation to support the request is adequate for us to investigate the credit but the underlying premise for these credits is not correct. Refer to the attached call credit policy from our reseller guide.

In general the following limitations must be adhered to when requesting credits:

- Reasonable call credit will be given to the reseller only when the credit is passed to the reseller's "end user". This implies that the credit is initiated by a customer request for credit. Your bulk request shows no evidence that a customer initiated this. We may require evidence of this pass through (e.g. copy of an end user bill) and reserve the right to audit your records to confirm this.
- As per the attached call credit policy, when a credit is deemed valid "a reasonable" credit will be granted. This would typically be a one minute credit for poor service.
- Springwiche will only grant credit to its resellers at our tariffed wholesale rates; your request has been calculated at retail.
- Escotel is requesting service credits on roaming calls. We only honor requests for roaming credits for the following reasons: 1) The end user denies making the call (we will investigate this by determining if the customer ever called the number in question in other bill cycles); 2) The call is rated incorrectly. We are not able to guarantee the network performance and billing systems for all carriers with which we have roaming agreements; we simply facilitate the billing of roaming service.

You have divided your credit request into (4) four categories. Below I will address each category with specific comments.

1) Calls less than one minute in length.

Escotel contends that all calls that are less than one minute in duration are by definition attributable to poor service. Springwichee does not accept this. Because usage is price sensitive most customers try to limit their costs by keeping call length to a minimum. As a result the average cellular call is less than two minutes in length.

Also, 1 minute calls were not eliminated from any of the other 3 credit request scenarios, thus all 1 minute calls included in the following 3 categories are duplicate requests.

2) Incomplete calls to voice mail.

Escotel contends that all voice mail calls less than one minute in duration are incomplete. We do not bill for voice mail retrievals so all of these voice mail calls represent voice mail deposits. I have personally tested our voice mail system and have been able to easily leave messages in less than one minute. Therefore we do not feel the premise for this credit request has any merit.

3) Double billed calls.

Escotel is requesting credit for all calls made on the same mobile number when air times appear to overlap. Per the Springwichee Tariff (copy attached) the minimum usage charge on each completed call is one minute. Each fraction of a minute thereafter is rounded up to the next thirty (30) or sixty (60) seconds for billing purposes in accordance with the effective rates on file with the DPUC.

We have researched several of these calls and determined that the "overlap" is attributable to the tariffed rounding convention outlined above.

An example of how this could happen would be a call that started at 5:00.00 that is 65 seconds in length. The start time would be 5:00 for a billable two minute call. Because the call ended at 5:01:05 (rounded to two minutes) it is conceivable that the customer could initiate another call during the next 55 seconds that would have a start time of 5:01. It would also be possible for this call to end within the 5:01 minute and still allow time for the customer to initiate a third call that would encompass the 5:01 minute. This is the scenario that Escotel is requesting credit for and why Springwichee feels the premise is flawed.

4) Dropped calls and poor service

Escotel contends that any call made to the same number as the previous call within 2 minutes of the first call, was "dropped" because of poor service. Escotel requests credit for the entire duration of both calls.

Springwich acknowledges that subsequent calls made to the same number in such a short period could be a sign of a "drop". However, as stated in our call credit policy we will grant "reasonable" credit only if the credit is passed on to the end user and this would be granted when the end user requested and received the credit. Because none of these credits were initiated by an end user request Springwich will not accept the premise that all of these calls were poor service.

An examination of the calls further revealed that some of the calls fit this pattern and are valid, examples of these are:

- Directory Assistance - only (2) numbers may be requested per DA call. Some of the calls in this portion of your credit request are for DA where the customer may require more than (2) numbers.
- Hotline Service - a number that is hotlined for collection treatment will initially think they have dialed the wrong number, hang up and immediately call the same number (because they are hotlined). We see calls of this nature in your credit request.
- Incoming Calls - you assume that a customer would only receive an incoming call within two minutes of terminating an incoming call when the first call ended as a result of poor service. Springwich asserts that this premise is not sound.
- Odd Calling Patterns - On pages 45 and 46 of your request a customer placed and ended 10 calls in 10 minutes to the same number. If all these calls ended because of poor service it seems unreasonable that the customer would continue to attempt to make this call. It seems likely he reached an answering machine and he did not want to leave a recorded message.
- Set Problems - Springwich does not guarantee for faulty sets or poor installations which would also cause poor service and dropped calls.
- User Error - if the customer erroneously terminated a call and then recalled the same number no credit is warranted. Absent a customer request for credit we are not able to verify if this occurred.

For this type of credit, you are asking for the entire call - at times this is in excess of 10 minutes. We would expect that at least part of the call had value, even if dropped prematurely, if the call was so bad that credit is warranted, why would the end user remain on the call for ten minutes?

Luis, based on these facts it is the contention of Springwich that no credit is warranted for this request. After you have reviewed this response please call me

on 553-7616 to set a mutually convenient time for me to come to your office so that we can discuss this in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Art Paquette', written over the printed name.

Art Paquette

Manager Revenue Assurance/Billing Operations

SNET CELLULAR CALL CREDIT POLICY

At times, end users may encounter difficulty or dissatisfaction with a cellular call. Resolution of such matters is properly between the Resellers and their customers with assistance from SNET Cellular Inc., if requested and as appropriate.

If the Reseller deems it appropriate to adjust an end users bill because of an apparent network related problem, he may request a credit from SNET Cellular Inc. in accordance with the procedure described below.

Reasonable call credit will be given to the Reseller only when the credit is passed to the Reseller's end user. Requests for credit on calls may include the following circumstances:

<u>Type of Call</u>	<u>Code Type</u>
- Poor Transmission,	PT
- Call Disconnect or Interruption,	CDI
- Customer Denial of Call,	DAX
- Other.	Specify

Resellers follow these steps to obtain credit:

1. Record the detailed information regarding a contested call on a Local Form, as per sample on the next page, and retain for reference.
2. Complete a Call Credit Summary Report (see Exhibit C1) on a monthly basis, and deduct from the monthly payment to SNET Cellular Inc. the value of calls for which credit is claimed.
3. Send the Call Credit Summary Report to SNET Cellular Inc. for review and final disposition at the time the monthly bill is paid. The Reseller will be so notified if, after review, any items are denied credit.
4. Credit will not be issued in cases of defective mobile units, misuse or other reasons not related to cellular network performance.

NOTE:

SNET Cellular Inc. maintains the right of audit, by a mutually agreed to independent Public Accounting Firm, whereby the Reseller's records can be reviewed to verify that the credit request was documented and the credit was passed on to the "end user". It will be mutually agreed that these records will be kept proprietary. SNET Cellular Inc. will underwrite the costs of such audits.

"LOCAL FORM" SAMPLE
CALL CREDIT CLAIM FORM

Date: ____/____/____

Customer: _____

Mobile Number: _____

Date of Call: ____/____/____

Approximate Time: ____ : ____ AM/PM

Length of Call: _____

Number Call Originated From: (____) ____-____

Number Called: (____) ____-____

City Called: _____

Reason For Request

1. Deny All Knowledge of Call ("DAK") _____

2. Outgoing Wrong Number

-Number Trying to Call (____) ____-____

3. Incoming Wrong Number _____

4. Cut Off/Disconnect _____

5. Bad Transmission

- How long was call _____

- How many bad minutes _____

- Incoming/Outgoing _____

6. Other. _____

Amount Requested

Airtime Usage:

Minutes	x	Rate	=	Total
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Long Distance:

Minutes	x	Rate	=	Total
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Total Adjustment _____

Approved _____

Declined _____

Comments: _____

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Page 88 of 100

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State and user has been granted credit on all of the above calls. It is understood that after a full review, SNEY Cellular may refuse this credit. In addition, SNEY Cellular is granted a right of audit, whereby a mutually agreed upon independent Public Accounting firm may endeavor to verify that all credit requests are documented and all credits have been passed on to the end user. All records as a result of these audits are confidential and proprietary between SNEY Cellular and this firm.

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Type of call

Code	Type	Value
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	6	6
7	7	7
8	8	8
9	9	9
10	10	10
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98	98	98
99	99	99
100	100	100

- Poor Translation
- Call Disconnect or Interruption
- Customer Denial of Call
- Other

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BULK DOMESTIC PUBLIC CELLULAR RADIO TELECOMMUNICATIONS SERVICE

2. RATES AND CHARGES (Cont'd)

with a minimum-maximum rate associated with each category (discount category). The effective rate is that rate in effect within the minimum-maximum schedule of rates. For cellular numbers and usage, the effective rate of the discount category is charged to all subscribers in the same discount category.

At such times as the effective rates may be changed for cellular numbers or peak usage or off-peak usage, or any one of them, such changed effective rates at the Company's option will either: (a) continue the same discount percentages between successive discount categories as are contained in the initial effective rates, or (b) contain an equal discount percentage between successive discount categories. For usage, the effective rate will be rounded to the nearest one-quarter (1/4) cent.

1. Timing of Usage

a. Chargeable time for usage originated by a cellular mobile radio unit begins when a connection is established to the Company's facilities and ends when the cellular mobile radio unit disconnects, regardless of whether a call is completed.

b. Chargeable time for calls terminated to a cellular mobile radio unit begins when the call is answered and ends when the cellular mobile radio unit disconnects.

c. The minimum usage charge on each completed call is one (1) minute. Each fraction of a minute thereafter is rounded up to the next thirty (30) or sixty (60) seconds for billing purposes in accordance with the effective rates on file with the Department of Public Utility Control.

(C)

(C)

d. When a connection is established in one rate period and ends in another, the rate in effect for each period applies to the portion of the usage occurring within each rate period.

e. A mobile originated call which does not complete and has less than one minute of usage is classified as an attempt and may incur an Attempt Charge as set for in 3.4.b. Such incomplete calls exceeding one minute of usage will be billed as completed calls.

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f. A call placed to a cellular mobile radio unit which is answered employing the Call Waiting or Call Forwarding feature and has thirty (30) seconds or less of usage will incur an Initial Period Charge. Such calls having greater than thirty (30) seconds of usage will be billed as completed calls.

g. Calls placed to an emergency number, e.g. "911" will not be charged to the cellular subscriber.

(N)

(N)

rounding
conversion

APPENDIX A
PROPRIETARY FINANCIAL DATA
SUBMITTED WITH REQUEST FOR NON-DISCLOSURE